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BODY:

OPERATOR: Good day, ladies and gentlemen, and welcome to the Molson Coors Company first **quarter** earnings conference call. At this time, all participants are in a listen-only mode. Later we will conduct a question and answer session. [OPERATOR INSTRUCTIONS] As a reminder this, conference call is being recorded.

I would now like to introduce your host for today's conference, Mr. Leo Kiely, President and Chief Executive Officer of Molson Coors brewing company. Sir, you may begin.

LEO KIELY, PRESIDENT, CEO, MOLSON COORS BREWING COMPANY: Hello, and welcome everybody. Thanks for joining us today. With me on the call are Tim Wolf, our global CFO, Kevin Boyce, CEO of Molson Canada, Peter Kendall, CEO of Coors Brewers Limited, Mike Gannon, our global Treasurer, Ron Tricostate, our global Controller, and Dave Dunnewald, Investor Relations Director.

During the call today, Tim and I will cover three topics with you. First, an overview of Molson Coors brewing company's first **quarter** 2005 performance, second, a discussion of the results drivers for each of our five reporting segments, and following the merger of Molson and Coors, these segments now consist of Canada, the United States, Europe, Brazil and corporate. Third, we'll share some perspective on the balance of 2005 for our Company. Then we'll open it up for questions. So let's get started.

In the first **quarter,** despite a challenging industry environment in all of our major businesses, we kept our focus on the immediate actions needed to strengthen the Molson Coors brewing company for the future. In this time of transformation for our merged Company, we gained shareholder approval for our merger of equals, we took immediate steps to capture the substantial cost synergies generated by the merger, including announcing the planned closing of our Memphis brewery, upsizing of the brewery we're building in Virginia, and moving quickly to eliminate the redundancies resulting from the combination.

We're also moving quickly to realize tax and interest benefits of the merger, including simplifying and reducing the cost of our debt structure. We took decisive action to build a new Molson Coors organization. We transitioned substantial portion of our U.S. top management team. We appointed new CEOs for our U.S. and Europe businesses, and we announced the top leaders of the Molson Coors management committee.

We had a successful U.S. distributor convention and Canadian sales conferences, to energize our sales and distribution—distributor teams leading into our peak season. And we met with our top leaders of the conference in Miami to assure that we're all aligned and focused on driving profitable growth this summer.

Now let's look at the financial highlights for the first **quarter** for our merged company. Earlier this morning we reported total company sales volume of 8.1 million barrels for the first **quarter,** up 15% from a year ago with the addition of Molson Canada and Brazil volume, following the completion of the Molson Coors merger on February 9th, 2005. Net sales were $1.1 billion and we reported a net loss of $46.5 million, or $0.74 per diluted share. For the **quarter,** due to lower volume in our major markets, and special charges largely related to the merger, totaling $40.7 million, or $0.60 per share.

Importantly, aggregating all restructuring, severance, facility closures, and other nonrecurring costs, totals $107 million in pretax in the first **quarter.** And the merger-related stepup in non-cash depreciation and amortization totalled $19 million. This is very important to note we believe, because it puts an admittedly tough **quarter** in a more clear perspective and context. Our first **quarter** results have added complexity because it was the first reporting period post-merger. U.S. accounting rules require that reported financial results for periods prior to February 9th, 2005 exclude all Molson Inc. results, so index comparisons for the first **quarter** are not very useful.

Therefore, we'll spend most of our time today looking at comparative proforma information, as if the merger had been completed at the beginning of 2004. Which we believe will be more helpful for your analysis. In a few cases we'll also provide performance measures excluding special or one-time items, again, to offer greater visibility to our underlying business performance. Total Company proforma volume of 10.7 million barrels for the first **quarter** was down 5.6% from a year ago. Due to lower volume in our major markets. Weak industry conditions drove part of this decline, along with challenges particular to each business. We'll take you through these by segment in a few minutes.

Net sales were $1.2 billion, down 6% on proforma basis. In terms of profitability, the combined company proforma net loss of $79 million was down from a proforma net income of 36 million in the first **quarter** of 2004, due to lower volume and 84 million of pretax special charges. If you exclude these special charges, we would have a proforma after-tax loss of 4 million, or $0.04 per share in the first **quarter.** These results are well below our performance goals and the potential we see for our Company. It's important to note that the first **quarter** is seasonally the smallest sales and earnings **quarter** for all three of our largest businesses. And therefore not necessarily indicative of our annual performance.

At this point I'll turn it over to Tim to review first **quarter** segment and corporate highlights. Then I'll finish with the perspective on the balance of 2005. Timothy?

TIMOTHY WOLF, CFO, MOLSON COORS BREWING COMPANY: Leo, thank you, and hello, everybody. I'll start by reviewing first **quarter** results for our new business segments on a full **quarter** proforma basis, starting with Canada, our largest segment from a market share and profit standpoint. It's important to note that this segment now also includes all of Coors Light sales and profit in Canada, and excludes Molson USA brands. Canada proforma pretax income in the first **quarter** decreased 44% to $41 million, because of lower volume and unfavorable product mix in the **quarter.** Nearly a third of the decline in proforma income was attributable to one-time impact of achieving consistency in accounting conventions in all reporting periods.

The total Canadian beer market declined about 2% year-over-year, driven by the cancellation of the professional hockey season, especially cold weather in the east, and new smoking bans in some markets. Nationwide, Molson Canada sales to retail declined approximately 4.8% in the first **quarter.** Our overall market share trends was roughly in-line with our average trend over the past few **quarters.** In key brand sales to retail trends in the first **quarter,** Coors Light grew at a low single-digit rate and the Carling Black Label family grew at a mid single-digit rate while Molson Canadian, Molson Dry and Rickard's declined at a high single-digit rate.

Pro forma sales volume in Canada totalled 1.57 million barrels, down 7.2% due to lower inventories at **quarter** end this year. Net sales per barrel on a proforma basis decreased 1.9% of local currency, driven by unfavorable sales mix shift toward value brands, partially offset by less than 1 percentage point of net pricing year-over-year. Costs of goods sold per barrel increased approximately 3% in local currency, driven by fixed-cost deleveraging due to lower volume, higher distribution costs and materials rate inflation, partially offset by the positive results of our project 125 cost reductions. Marketing, G&A expense of local currency grew 13%, driven by increased sales trade spending, higher bad debt write-offs, and costs related to new company accounting conventions.

Turning now to our U.S. segment, this segment is the same as the former Coors America segment, except it excludes our Coors Light business of Canada, and it includes 100% of Molson USA results. This segment also excludes our Asia business, which are now managed by Coors Brewers Limited. Proforma pretax income for Coors U.S. in the first **quarter** was $15 million, down from $23 million a year ago, due to $7.4 million of merger-related special charges for asset impairments and accelerated depreciation of our Memphis brewery, which we plan to close during the next two years. Excluding these special charges, U.S. pretax income decreased 3% to $23 million on a proforma basis in a challenging **quarter** for the U.S. beer industry.

Looking at U.S. performance highlights, sales to retail in the U.S. decreased 1.6% in the first **quarter** on a proforma basis. This was due to soft sales in the back half of the **quarter,** particularly for the Molson USA brands,

which declined at a double-digit rate in the **quarter,** excluding these Molson brands, our U.S. sales to retail declined 1.0% on a proforma basis.

In terms of U.S. brand trends, Zima and Blue Moon sales to retail continue to grow at double-digit rates, and Coors Light decreased only slightly in the first **quarter.** Meanwhile, Keystone and Killian's brands declined at mid single-digit rates and the Coors brand declined at a low double-digit rate. U.S. volume to wholesalers decreased 1.5%, but this includes about 100,000 barrels of Molson USA sales following the merger, and nothing for earlier periods. Excluding the Molson brands proforma U.S. volume declined 3.6%, due to soft sales to retail and because our distributors ended the first **quarter** last year with their inventories about 100,000 barrels higher than normal, due to the national rollout of Aspen Edge, and the relaunch of Zima.

Proforma U.S. net sales per barrel increased 2.3% in the first **quarter,** driven by about 240 basis points of U.S. pricing growth. U.S. cost of goods per barrel increased 2% on a proforma basis in the **quarter,** driven primarily by higher freight and packaging material rates, along with a deleveraging of our fixed costs with lower volume, partially offset by cost reduction initiatives in the areas of manufacturing productivity, packaging materials, and freight. U.S. marketing, general and administrative expense increased 2% per barrel in the proforma first **quarter,** as we brought the Molson USA brands fully into our P&L.

Our Europe segment, which now includes our business in Asia, reported a pretax loss of $6.8 million, excluding special items, down from pretax income of $4.8 million a year ago. Lower results were due to declining volume in the on-and off-trade channels and margin pressure in the off-trade, along with a challenge of lapping a relatively strong **quarter** a year ago. Our year ago financial results in the first **quarter** were also effected by a 3% year-over-year appreciation of the British pound against the U.S. dollar.

Let's look at Europe highlights for the **quarter.** Overall volume for our owned and license brands declined 6.0%, reflecting low single-digit declines in Carling and Grolsch, and steeper declines in other brands. However our core lager brands, Carling, Grolsch and Coors Fine Light, where we have the vast majority of our volume, and virtually all of our marketing focus declined as a group only about 2% in a challenge volume **quarter.** Lower UK volumes can be attributed to three main factors of roughly equal impact during the **quarter.** First, the UK beer industry declined nearly 2% in the first two months of the year, the latest data available, versus a year earlier, driven by lower consumer spending and higher energy prices.

Second, retail inventory dynamics lowered industry sales. Off-trade retailers increased inventories ahead of an excise increase last year, and reduced them this year, coming out of the year end holidays. The on-trade competitive environment has heated up in the past several months with other brewers, increasing rates of price discounting and introducing draft setups that compete directly with Carling Extra Cold. Our core lager brands continue to be among the strongest in the market, and we have competitive responses to these challenges, which Leo will talk about in a few moments.

Factored brand sales of nonowned beers and other beverages in the on-trade continued to decline, reducing gross profit by about $2 million in the **quarter.** Excluding the impact of factored brands, net revenue per barrel for our own brands increased approximately 2.5% in local currency, due to positive on-trade pricing and growth in Asia, partially offset by negative brand and channel mix. Cost of goods sold per barrel for our own brands increased nearly 4% in local currency, driven by the deleveraging of our fixed costs related to lower volume as well as by inflation. Marketing, G&A costs in local currency decreased modestly, primarily because changes in the timing of advertising expense year-over-year, and lower brand promotion spending. Other expense increased $1.9 million because of lower profits for our trade team distribution venture, and other miscellaneous items.

Finally in our Brazil segment, proforma pretax results included merger-related special charges worsened 17% to a loss of $18 million in the **quarter,** as this business continued to make progress in stabilizing sales and improving profit trends. Nearly two-thirds of the decline in proforma income was attributed to one-time impact of achieving consistency in accounting conventions in all reporting periods. Results for the first **quarter** indicate that the Brazil situation remains difficult. Beer volume declined 7.1% on a proforma basis in the **quarter** versus a year ago. However, we are encouraged by the improved trends for our lead brand, Kaiser, which accounts for more than 75% of our Brazil business sales, and declined at a low single-digit rate in the **quarter.** We're encouraged by our new ad campaign that we began showing in December, which scores high in the area of consumer awareness, and has improved sales trends.

Revenue per barrel in local currency increased 10% due to improved pricing and higher priced discounting a year

ago. Cost of goods sold increased 3% per barrel in local currency, primarily due to fixed cost deleveraging related to lower volume. Marketing, G&A expense increased 11% in local currency due to the adoption of consistent company accounting conventions.

Continuing with our first **quarter** P&L, special charges totalled $40.7 million pretax, or $0.60 per share in our reported results, and an additional $43.1 million pretax in our proforma results. Both largely driven by merger-related expenses. As a result, total special charges included in the proforma results are $83.8 million pretax, or $0.87 per share. By segment, this special charges were as follows. U.S., special charges of $7.4 million were primarily costs for restructurings and closing the Memphis brewery, including accelerated depreciation of the facility and severance costs.

In Europe, $3.6 million of special charges were attributed to the write-off of obsolete brewery assets in the first **quarter.** Brazil proforma results included $19 million of special charges related to the closure of sales offices and brewing operations prior to February 9th. Finally, corporate segment special charges were $29.6 million in the reported results, primarily due to the change in control payments and benefits of 12 Coors officers, who elected to leave the company following the merger. Corporate proforma results included an additional $24 million of merger-related special charges incurred by Molson prior to February 9th, for total special charges in the proforma corporate segment of $54 million.

Corporate interest expense on a proforma basis decreased from $38 million last year to $37 million this year, because of Coors and Molson debt repayments during the past year, partially offset by higher Brazil debt levels and the interest in the special dividend debt this year. Our effective tax rate was 6.9% in the first **quarter,** down from 33.7% a year ago, due primarily to our merger structure, and a one-time tax benefit that arises from the merger structure.

Now, I'll preface the outlook section as usual by paraphrasing our Safe Harbor language, some of what we discuss now in the Q&A may constitute forward-looking statements. Our actual results could differ materially from what we projected, so please refer to our most recent 10-K, 10-Q and proxy filings for a more complete description of factors that could effect our projections. Regarding any U.S.—any non-U.S. GAAP measures we may discuss during the call, please visit our website, www.MolsonCoors.com for a reconciliation of these measures to the nearest U.S. GAAP results.

Looking forward, we estimate the corporate segment interest expense in the last three **quarters** of 2005, will be about $35 million per **quarter,** as we benefit from debt repayment and a more streamlined flexible and lower cost debt structure, as we refinance most of our Brazil debt and are in the process of refinancing the Molson debt within the next few months. We anticipate our full year 2005 effective tax rate will be in the range of 10 to 15% due in large part to the one-time tax benefit from the merger structure. Without this one-time tax benefit, the rate would have been in the 20 to 25% range.

As we've said in the past, our tax rate is volatile and may move up and down with changes in, among other items, the amount and source of income or loss, our ability to utilize foreign tax credits, the results of our purchase price accounting, and changes in earnings and profits of our foreign subsidiaries. The go-forward range we have given in the recent past of 25 to 30%, we believe, is still the right relevant range.

At this point, I'll turn it over to Leo for a look ahead to the balance of our 2005. Leo?

LEO KIELY: Thank you, Tim. Let me start by giving you an organizational overview, a synergies update and then review key business drivers we're focused on for the balance of 2005.

Most of you probably know the 12th of our Coors top team chose to take a change of control package, and leave Molson Coors. We've moved quickly to backfill these positions, with half already in place, and the rest to be filled in the coming months with varying transition periods, which we expect to be very orderly and smooth. We also hired Fritz [von Passion] to head our U.S. business, Fritz has already made progress solidifying his top team, and filling open executive positions to drive this business forward. Meanwhile, Peter Swinburn will do a fine job stepping into Peter Kendall's position beginning next month, as Peter Kendall is retiring this summer. Peter Swinburn was Chief Operating Officer for our UK operation two years ago prior to coming over to the states to run our international businesses.

Across the organization, I feel good about the strength of the team we're building, and its sense of urgency to improve our operating performance as we move forward as a combined company. In addition, as we announced earlier today, Dan O'Neill will be leaving Molson Coors at the end of next month. Dan has made a terrific contribution to

Molson since joining as CEO in 1999, shaping the profitable market leader that Molson Canada is today. Moreover he has jump started our Molson Coors synergy efforts, and will deliver a comprehensive three-year synergy plan to the Board at our, following our annual meeting in May. We wish Dan all the best in his future endeavors.

Along with these leadership changes, we've realigned our business segments, as Tim has described, to simplify our organization and enable us to take advantage of synergies and Best Practices in our geographic markets around the world. Importantly, our synergies teams across the company are energized, and in all areas on or ahead of schedule to capture the $175 million in cost synergies that we've committed to dropping to the bottom line. Highlights of our early progress include the planned closing of the Memphis brewery by early 2007, moving production of some brands to Canada, and upsizing the Shenandoah brewery project to increase returns, decisions totaling more than 30 million of our planned 60 million of brewery and logistics network optimization synergies.

In the area of overhead redundancies, we have already taken actions to capture 25 million of the $28 million target. These two actions alone represent $55 million, or more than 30% of our $175 million commitment over the next three years. Additionally, our synergies teams are well on their way to capturing the committed savings in procurement and information systems. Beyond cost synergies, we're already seeing the substantial merger benefit flow from our tax rate and interest expense. All in, we're well on our way to capturing all of the first $50 million commitment this year. We'll have more news and updates on synergies in the months ahead.

Now let's look at some of the main drivers of our results for the balance of 2005. As you know, to win in this business, we're focused on growing our brands, building markets, and attacking costs. Overall we're doing a good job on the cost front right now. Our focus needs be on accelerating growth. First in Canada, to drive volume growth in the premium segment, we're increasing our investment in activity behind Coors Light and the Canadian brand, with the development of a new fully integrated marketing and sales promotion efforts around our two largest brands.

We have new ads created for Canadian, that we just started airing in the past month and initial results are encouraging. We're also working on a new ad campaign for Molson Dry, our lead brand in Quebec, and we'll have this ready to air in the second half of this year. Coors Light continues to grow despite the competitive pressures with particular strength in Quebec and the Atlantic region, where first **quarter** sales to retail growth rates averaged in double digits.

Second, category news and innovation are also critical to topline growth for Canada. This year, we're introducing an innovative Molson Canadian Sub Zero, on premise draft system, which is the first of it's kind in Canada and globally. We're also rolling out Molson Kick nationally. Canada's first lager brewed brand with [gwahla], as well as Canada's first aluminum beer bottle for the on-premise trade.

Third, to address the challenge presented by the value segment, we've refined our pricing strategies and as category leader, we will manage our total brand portfolio to minimize the incentive for consumers to trade away from our premium brands towards value brands.

Fourth, to driver our superpremium volume, we're leveraging the strength of our partner brands in the import segment, and with our own Rickard's brand. In addition, we announced last week we've acquired Creedmore Springs brewery, a small domestic superpremium brewery with a strong reputation and customer base, and great potential for increased sales. In the U.S. business, job one is growing Coors Light and encouragingly, Coors Light sales to retail continue to improve relative to the overall market. Increasing at a low single-digit rate for the first four weeks of the second **quarter.** Fritz and his team are moving quickly to build on this improvement on Coors Light share trends in the U.S. and this will be particularly important in the second **quarter** as we overlap last year's launches of Aspen Edge and Zima XXX.

First we have solid new Coors Light ad creative on the air, and more ready to go on for peak season. This new creative further refines our balance between lifestyle equities and product attributes, and has been very well received by our distributors. We're also increasing our marketing muscle behind Coors Light again this year. We plan for this brand to have the heaviest ad weights of any light beer in the peak season of 2005.

Second, we're rolling out packaging and product innovations in time for peak season to drive incremental volume and trial. These include Coors, Coors Light Quick Cool 8-ounce cans, the 18-pack Coors Light plastic bottle cooler box, and Zima XXX Hard Green Apple. We're also testing a Coors Light Xtra Cold Draft, a new extra refreshing presentation for our lead brand on-premise.

Third, our sales team is better focused than at any time in the past. In the past several years, on the key channels that matter for our business. And that's chain accounts and on-premise. Chain volume now outpaces the rest of our customer base, and that's a reversal of trends a year ago, and we have strengthened our on-premise programs and investment behind them. The on-premise generally costs more to service properly, but this is the future of the business since brand preferences for our core demographic consumers are formed at bars and restaurants.

Meanwhile, we're watching the U.S. beer price environment very closely. Pricing was solid in the first **quarter,** as indicated by our net revenue per barrel. Since then, we've seen some unusually high competitive activity in several major beer markets. Clearly, it's going to be a very competitive summer in the beer business. We see this as a manageable financial issue at this time, but it will depend on the breadth of the activity, and to the extent at which volume responds positively to this, to the deal activity.

Turning to Europe, the future of our UK business lies in strong lager brands, and this is where our team is keenly focused. With the largest brand in the UK Carling, flanked by Grolsch and now Coors Fine Light, we believe we can continue to grow volume and profits long-term in this attractive market. Therefore, we're accelerating our investments behind winning in lager, driven by our core lager brands, Carling, Grolsch, and Coors Fine Light, this investment will be a new creative for Grolsch and Coors Fine Light brands, and continue to add pressure behind our successful Carling campaign. Second this year, we're expanding distribution of our core brands in key on-trade channels. Particularly chains in southeast England and in Scotland. Historically, our lowest market share areas in the UK.

Third, we're also launching C2 throughout the UK. This is an all-draft Carling line extension that meets the needs of consumers who want half the alcohol of regular Carling lager, without sacrificing the flavor. In addition, we're introducing Coors Fine Light beer into Russia this year. This is a limited rollout in Moscow and St. Petersburg, that will have limited impact on results this year, but we see substantial long-term potential for Coors Fine Light in this growing Top 10 global beer market.

In the short-term, we're off to a difficult start in Europe in the first **quarter,** and the second **quarter** will be lapping a strong volume **quarter** last year. This certainly creates a challenge for the total year. Nonetheless, it's important to note that the first **quarter** in our UK business is generally close to breakeven, so trend lines are often exaggerated, and our new initiatives are just hitting the market.

In Brazil, our future centers on the Kaiser brand and our core market of San Paolo. Fernando Tigre and the Kaiser team have made considerable progress during the past nine months, in reducing costs, strengthening our relationship with our distributor system, and stabilizing market share. Nonetheless, we have much work to do. From a financial perspective, the cash requirements for the Brazil business are improving, but still negative.

As we've mentioned before, we're evaluating our strategic options for this business with perspectives from leaders in our Brazilian operation, along with experienced leaders from elsewhere in Molson Coors. Our assessment of the Brazil business has focused on the health of the Kaiser brand, our relationship with our distribution partners, our ability to reduce overall costs, and consequently, our ability to significantly improve the profitability and cash flow of this business.

While this evaluation is still underway, overall volume, price and cost trends have improved somewhat over the past several months, which is encouraging. We're analyzing all of our options and we'll review our findings with our Board in mid-May. After that, we'll update on you our progress. This strategic initiative is critically important to our company and shareholders and we're committed to making the right decisions on a timely basis.

In summary, the first **quarter** presented some difficult performance challenges for Molson Coors. Nevertheless, as a merged company, we are stronger, more flexible, and more competitive. We're off to a fast start on integrating and building the organization of the combined company, and our synergies teams are moving quickly to capture the substantial cost synergies and other benefits of the merger. Meanwhile, our operating teams are keenly focus on driving the topline, and attacking costs in each of our businesses. We look forward to this journey of growing Molson Coors, and building our shareholder value together.

A final comment for your reference. We know we covered a lot of material in this script today, and our prepared remarks will be available on our website early this afternoon, that is within a couple of hours for your use.

At this time, we are ready to open it up for questions. So back to you, Matt.

OPERATOR: Thank you. Ladies and gentlemen, [OPERATOR INSTRUCTIONS] Our first question comes from Jeff Kanter from Prudential Equities.

JEFF KANTER, ANALYST, PRUDENTIAL EQUITIES: Hi, Tim. Were there other one-time charges in this 5.1 million loss, or—that you're not excluding?

TIMOTHY WOLF: I'm sorry, Jeff. Say again.

JEFF KANTER: The $5.1 million excluding some of the restructuring charges, were there other one-time costs in that number that you flowed through, or not?

TIMOTHY WOLF: Well, I think we got it all, Jeff. I mean the points that both Leo and I made, if you take all the restructuring charges severance, writing off of the closure of the Brazil facilities, the UK Molson facilities, that number totals just about $107 million. So I think we got it all. Obviously there is some—as I mentioned in my remarks, some instances where we're making sure we have exactly the same—accounting conventions, but we're-I think we got everything in there we possibly can.

JEFF KANTER: Okay. Those accounting conventions, how much of—are they costing — and are they done, or do they flow through to the second **quarter?**

TIMOTHY WOLF: No, those will flow through. They are very simple things like making sure, for example, all our businesses use the same sales curve accounting. I mean Brazil to a large extent, Canada to a lesser extent, didn't do sales curve accounting, or do it the same way, that we have in the past. It's just a matter of using the same convention, applying it in the same disciplined way.

JEFF KANTER: Leo, I'm looking at volume declines, and consumption declines in every country, so I'm having difficulty seeing how you're off to a fast start. Clearly the U.S. is going to get tougher. Canada, Canada, that business has been milked for a while. I'm just trying to get a sense—seems like you're banking on these synergies, but the cost of selling beer is moving higher. How much of those 170—what's the offset of those 175 million in synergies?

LEO KIELY: Well, as you know, plus or minus a couple of points of growth makes a huge difference in our ability to spend back against the business, Jeff. You know, our commitment is to improve our profitability with the synergies as we have said all along. The—we've got marketplace situations all across the globe right now, where you have to play close to the market. You know, my expectations for summer in the U.S. is that we'll probably have a pretty good volume summer even category-wide, but we're not in the business of forecasting that. We obviously had a very tough first **quarter** in each of our key markets.

JEFF KANTER: And does the difficulty in Canada and the U.S., is that—will that kind of force your hand, as far as just getting rid of Brazil?

LEO KIELY: Look—we're looking at Brazil on its own merits, Jeff. If you look at it in the new combined entity, particular fully in an EBITDA perspective, this is a manageable issue, if we believe we can minimize the cost investment, cash investment over the next couple of years, and if we believe that there's legs in the brand in our distribution partnership. So that's—that's what we have said we were assessing all along. But in the perspective of the new company, I think, I think we have the luxury to make the decision the right way.

TIMOTHY WOLF: Jeff, we're, at this point, and, again, we still have not completed our review on our analysis, and have not reached any conclusions, final conclusions, but the cash drain that is still Brazil, and it's gotten better, but it's still a net-net cash drain, is something that we think we can handle, despite the EBIT and EBITDA challenges in our other businesses.

So this is not a market that we want to exit blithely or in a c,cavalier way because the growth potential is significant, and we think we got the, some insights as to how to do that. We just got to make sure we have a thorough and completed review over the next two months.

JEFF KANTER: Okay. Good luck.

TIMOTHY WOLF: Thank you.

OPERATOR: Thank you. Our next question comes from Caroline Levy from UBS.

LEO KIELY: Hello, Caroline.

CAROLINE LEVY, ANALYST, UBS: Good morning, everybody. Just want to touch base were there any synergies in the first **quarter?**

TIMOTHY WOLF: Yeah, there were, Caroline, but obviously they're swamped by a lot of the changing control charges. I mean we had, we had people beginning to leave, but in terms of what you see flowing through the P&L, you're not going to see a net-net benefit in the first **quarter.**

CAROLINE LEVY: So the numbers Leo gave, about being on track towards the 50 million, those haven't started to hit yet?

TIMOTHY WOLF: No.

LEO KIELY: No. It was single, low single-digit millions of dollars in that spread in the first **quarter.** It spreads towards the back half of the year, and accelerates significantly in the third and fourth **quarters.**

TIMOTHY WOLF: Yeah.

CAROLINE LEVY: All right. Also to clarify, you had 107 million pretax charge, right, total?

TIMOTHY WOLF: Correct. Right.

CAROLINE LEVY: In addition there, was 19 million in merger D&A.

TIMOTHY WOLF: Right.

CAROLINE LEVY: Can we just talk about and D&A and how we should be talking about it and whether that should flow through earnings?

TIMOTHY WOLF: Yeah, it will. That's the whole tax structure that we've been talking to you about, in terms of stepping up the Molson assets, as a result of the merger, and that results in the first **quarter** about a $19 million increase in depreciation and amortization. That obviously continues well into the future. It's obviously not cash, but that will be with us for a long time.

CAROLINE LEVY: And it's 19 million per **quarter?**

TIMOTHY WOLF: Correct.

CAROLINE LEVY: Okay. If we turn to the U.S. business, can we talk in a little more detail on Coors Light?

LEO KIELY: Yes.

CAROLINE LEVY: And, you know, how big is your key accounts program? Because I know you're performing much better had there than across the board. What percent of your volume is now included in that?

LEO KIELY: I'll have to have Dave run back at that, but it's in the range of 25%, Caroline.

CAROLINE LEVY: Sounds like if that's performing well, but now you're going to have to tackle the other 75, you know, that that's where the challenges are.

LEO KIELY: Dave just corrected me. It's 35.

CAROLINE LEVY: 35.

LEO KIELY: But still, -- what you're looking at is a swing in what's leading your growth,and we knew that we were lagging in the key account territory. I don't think it means the rest is changed, Caroline. You know, we have such differences market to market. We have some areas where our non-chain accounts are hugely successful for us. Take much of the northeast, which is non-chain driven. So it really is geography-by-geography and—what's rewarding here is we believe we're getting incremental positive leverage out of the key accounts. And that's good news.

CAROLINE LEVY: Right. What did Coors Light volume do in the **quarter?**

LEO KIELY: Coors Light was down trace in the **quarter.**

CAROLINE LEVY: Down how much?

LEO KIELY: A trace. It was, you know, just marginally down in the **quarter.**

CAROLINE LEVY: Almost flat, okay. And you said, if you could comment on April, you did say the last three to four weeks have been better in North America. Just if you could take us around the world, and help us just look at April.

LEO KIELY: Well, for the U.S., what we're watching now, and we'll watch for the next—particularly the second **quarter** is what Coors Light does. As you recall last year in the second **quarter** we had load-in coming on Aspen Edge and Zima XXX.

The good news is that Coors Light was up low single-digit, but certainly a significant bump up in April. That's good news, but it's only a third of the **quarter.** I think in terms of trends from the other markets, let me ask Kevin Boyce to give you some texture on how he's feeling about the Canadian business heading into the second **quarter,** and then Peter Kendall can do the same thing for UK.

CAROLINE LEVY: Thanks so much.

KEVIN BOYCE, CEO, MOLSON CANADA, MOLSON COORS BREWING COMPANY: Okay. I think if you look at the second **quarter,** if you reflect back in time, even the first **quarter,** our delta, our change in share from the three months versus three months a year ago was less than it was for six months or 12 months. And as we enter the second **quarter** this year, we're quite confident that that trend will continue and even accelerate so that the delta from a year ago will be significantly closed.

We're having a good strong start in Quebec. We believe May will be very good as we begin our programming and begin to see the full effects of the integration of the marketing and sales plans, and the refocus on Canadian and continued focus behind Coors Light.

CAROLINE LEVY: But I'm assuming then April overall, though, still down in Canada?

KEVIN BOYCE: April's a little soft in Canada, yeah.

CAROLINE LEVY: Okay.

PETER KENDALL, CEO, COORS BREWERS LTD., MOLSON COORS BREWING COMPANY: Caroline, in the UK, the trends are essentially in line with the first **quarter,** so overall we're, you know, we're down single-digits, but our core brands are down a little less than 2%.

CAROLINE LEVY: If I might just ask one last thing, I'm trying to understand the issues in the UK that hurt—aside from the core brands, do those mitigate at any point?

PETER KENDALL: Well, I mean we're expecting them to, yes. I mean, you know, the first **quarter** is a pretty small **quarter** for us, in the off-trade it's only about 15%, and overall it's a bit under 20. So we don't expect either the industry to continue to be off as much as it is, or our own performance to be, as it is in the first **quarter.**

LEO KIELY: Peter, give some perspective by on-and off-trade.

PETER KENDALL: Well, I think for us, the off-trade, you know, we had a bit of an inventory adjustment in the first **quarter,** which I won't go into a lot of detail, but basically it was the differential duty this year versus last year, and also a bit of an overhang from the holiday season, from December into the first **quarter** this year. So that's one reason why we've had a bit of an adjustment.

Second, quite frankly, we've tried to establish some more aggressive, or shall we say higher pricing in take home, and we're trying to get that established and we've suffered a bit from a volume point of view.

The on-trade is really a bit of a lowering momentum. We had tremendous volume growth last year and we're running against that, but we've got some, I think we've won some recent accounts,, and that's mainly about continuing to grow our distribution for Carling and continuing to go throughput behind our Extra Cold offerings.

CAROLINE LEVY: Thanks so much.

PETER KENDALL: Okay.

OPERATOR: Thank you. Our next question comes from Carlos Laboy from Bear Stearns.

CARLOS LABOY, ANALYST, BEAR STEARNS: Good morning. I was hoping you could give us more color on

the market share in Canada. How much was it down and when you look at the, the price brands in Canada, the value brands in Canada versus the premium segment, how are the market share trends looking there?

LEO KIELY: Kevin, do you want to take that?

KEVIN BOYCE: Yeah, let me first start with the value. Primarily in Ontario is where there are big changes taking place. In fact, that was the only category that grew in Ontario in the **quarter,** so you are seeing continued strength in that. It's up over 30% right now. Obviously that's effecting—we're very strong in the premium segment, so that's effecting our shares there. The trends of the market shares are consistent with the last few **quarters** actually in terms of share loss.

CARLOS LABOY: We're talking about 3 points or so?

KEVIN BOYCE: Of share loss, no, no. Much less than that. It's around the 1-ish range. It's a touch over 1 actually.

CARLOS LABOY: Thank you.

OPERATOR: Thank you. Our next question comes from Robert van Brug of Sanford Bernstein.

ROBERT VAN BRUG (ph), ANALYST, SANFORD BERNSTEIN: Yes, good morning. Question, Kevin, just a followup on the value brands in Ontario. At your investor meeting you mentioned that Labatts had lead pricing up in the value segment. and was followed by most of the industry. Why didn't this result in a decline of the growth rate in the value segment?

KEVIN BOYCE: What had happened was there was a move in the January time period of—there was some movement up in price. Now, during that time we sacrificed some volume as we moved up in price and the—basically the lowest price beer went from about 23.70 to 26.40. That's still the case, so that's encouraging. The disappointing news is that the size of that segment's a little bit bigger than we had forecast at that point in time.

ROBERT VAN BRUG (ph): But the premium segment did not go up in price, right? So what is it that is making the consumer shift from premium to value brands if the value brand price proposition is less attractive than it was before?

KEVIN BOYCE: It was less attractive than before, but it is still fairly attractive. The price differential is still around $9. So it's really up to the premium segment to do a better job of putting together marketing programs to justify that price difference, and to build equity there and image, that would support that price difference. And that's what we're working on with Canadian, and Dry in Quebec and Coors Light.

ROBERT VAN BRUG (ph): And is it impacting you the same way as it would be impacting Labatts?

KEVIN BOYCE: Yeah, across the country to varying degrees, it's plus or minus depending on the regional strengths of their brands and our brands, but certainly they are being effected to a similar degree, particularly if you look at Ontario.

ROBERT VAN BRUG (ph): Okay. Thanks.

OPERATOR: Thank you. Our next question comes from Paul [Cleavenow] from SCM.

PAUL CLEAVENOW (ph), ANALYST, SCM: Hi. I was just wondering if, and I apologize if this is something I missed, if you could give a snapshot of the balance sheet, the cash, the debt, and also what the balance was on the, on the special dividend debt, how quickly you anticipate paying that down, and also what the CapEx was in the **quarter,** and any—and what your guidance is, what we should expect in terms of CapEx going forward?

TIMOTHY WOLF: Yeah, good, Paul. Thank you. This is Tim. Couple of things. One is we began the **quarter,** and I could be off by a percent or two, but we began the **quarter** with net debt of about $2.55 billion. We ended the **quarter** about $250 million, $240 million higher. I'll explain that in a second, kind of point one.

Point two, on special dividend debt, we obviously began upon the closure of the deal, of $526 million. That's come down by about $50 million and that's obviously the, the first place we want to go to pay down debt. Our friends at the rating agency understandably have had an issue about whether or not that traunch of debt was subordinated, so we want to work very hard over the next two years to pay that down, and even though our aggregate debt in fact grew during the **quarter,** that specific piece of debt in fact declined.

CapEx for the **quarter** was $52 million. I think the guidance, or range that we've given you, Leo and I have given in the past, given that this is a particularly high CapEx year, because of the Shenandoah build out, brewery build out, because of the vessel project in the UK, because we're moving volume, and therefore need some CapEx investment in Canada, we'll be in the $420 to 460 sort of range. I think that's still a very good estimate this year.

Obviously with the sort of cash flow challenges we're having given some of this first **quarter** EBIT challenge, we're going to be continuing to value engineer and prioritize that CapEx amount, and try to, certainly can't commit today, but try to operate in the lower end of that range. So those—I think that hits most of your questions.

PAUL CLEAVENOW (ph): Okay. And just to clarify, you said that it's going to take about two years to pay down the special dividend debt?

TIMOTHY WOLF: Yeah, our objective is 20 to 24 months to pay down that 526 and so far, knock on wood, we're off to a good start. One final point, I didn't answer for you is the reason our debt increased during the **quarter** is we're having to recognize, consolidate, if you will, the debt associated with the beer stores. We did pay off about 70% of the roughly $105 million U.S. of very, very high cost Brazil debt, so we paid that off, and that's reflected in what's about now 2.75, $2.8 billion of net debt. So that, we think was a good move and saved us a couple million dollars per month in interest costs.

PAUL CLEAVENOW (ph): It was 2.75? I thought you said it was 2.55.

TIMOTHY WOLF: No, at the beginning of the **quarter** it was 2.55.

PAUL CLEAVENOW (ph): Oh, okay.

TIMOTHY WOLF: At the end of the **quarter,** consolidating the BRI debt, paying off all the high cost Molson debentures, the makehold provision on those, which is over $100 million, paying off the Brazil debt, brings us today into the **quarter** in a number between 2.75 and 2.8 billion.

PAUL CLEAVENOW (ph): And if I could just ask one last question, what what was cash from operations in the **quarter?** Cash from operations was down marginally. Marginally, being less than $40 million. Down less than $40 million year-over-year?

TIMOTHY WOLF: Yes.

PAUL CLEAVENOW (ph): Okay. Thank you very much.

TIMOTHY WOLF: You're very welcome. Thank you.

OPERATOR: Thank you. Our next question comes from Bryan Spillane from Banc of American Securities.

BRYAN SPILLANE, ANALYST, BANC OF AMERICA SECURITIES: Hi, good afternoon, everybody. Just two questions. One for Peter Kendall, can you talk a little bit about the pricing environment, and your pricing specifically in the UK, and then, Tim, it seems as the cost input inflation is maybe a little bit higher today, than where we were thinking or where you were thinking earlier this year. If you could talk about how far you view that over the balance of the year, and how you're managing that?

PETER KENDALL: Sure. Do you want me to kickoff, Leo?

LEO KIELY: Go ahead, Peter.

PETER KENDALL: Okay. Basically, in the UK, our pricing in the on-trade is pretty strong. We're up something like net 1.5%, something like that. In the off-trade, it's a sort of split thing, where the major multiples clearly, as we indicated in the script, we are into some margin pressure and obviously we're, we're trying to improve that over time.

In the non-major multiples, so what we call the wholesale and convenience stores, we have in fact improved our pricing and margins, and it's a combination of front line pricing and, and pack mix to get there. So it's always going to be competitive, but I think we're reasonably satisfied about where we are.

TIMOTHY WOLF: Hey, Bryan this, is Tim. You're right. I mean inflation and that's not just higher container costs. It's freight, which again, we're lapping what was a lower cost freight year, first **quarter** last year, and obviously with the slightly down volume in the U.S., it was harder to the tune of about a little more than a buck a barrel, to offset the lack of fixed cost leverage.

That notwithstanding, from a standpoint of labor productivity, line productivity, loading efficiency, freight process improvement, loss on product, every single one of those categories has gotten tighter. I mean the initiatives that Dennis Puffer and Rob Kaseria's team in the U.S. have put into place, are just every **quarter** now cycling through for us, and in past **quarters** more than offsetting inflation. In this **quarter** they did not all the way offset inflation, and I think that's pretty much what we'll be looking at the balance of the year. Obviously there's the wild card in terms of what continues to happen or what does happen with diesel costs.

Earlier this morning, gasoline prices were breaking through $50 a barrel, on the downside three weeks ago they were pushing $54, $53. That still remains our wild card, but we think net-net inflation will probably increase costs of goods per barrel more, slightly more, a couple of tenths of percentage points more, than the offsets from the productivity improvements.

BRYAN SPILLANE: Okay.

PETER KENDALL: Okay.

BRYAN SPILLANE: Thank you.

TIMOTHY WOLF: Thank you.

OPERATOR: Thank you. Our next question comes from [Shridhar Mahamcalli] from S&P.

SHRIDHAR MAHAMCALLI (ph), ANALYST, S&P: Hi, thank you. Going back specifically to UK pricing, what were your observations at an industry level, what's happening with the rest of the industry? Is there a bit more pricing discipline, that there was last year this time, or is it getting better, worse, what is it? And second question, what exactly was your share in the UK, please, at the end of the Q1? Thank you.

PETER KENDALL: On pricing, I'd say, you know, in the take-home, on the multiples, it's getting, you know, it's competitive and we're seeing some of our competitors coming out with some pretty aggressive pricing to gain back share, but as I say, that's in one segment of the take-home market.

In the on-trade, I think it's—we have put up pricing right at the beginning of the year, and we've held that pricing, and I'd say generally speaking, our competitors have followed us with price increases. So I think the outlook actually is not too bad for price increases.

As far as share goes, just looking at the numbers on an MAT basis, moving average we're at 20.8 share of market. That's up just shy of a half a percent versus where we were last year, and that's using the, what we call the BBPA, the British Beer & Pub Association numbers. Neilson shows us actually being further up than that, but that's basically the simple answer.

SHRIDHAR MAHAMCALLI (ph): Okay. Thank you.

PETER KENDALL: Okay.

OPERATOR: Thank you. Our next question comes from John Chris from European Investors.

JOHN CHRIS, ANALYST, EUROPEAN INVESTORS: Thank you. Two questions. One, I guess the pipeline inventories in the pipeline increased in the fourth **quarter,** decreased in the first **quarter.** Can you make an estimate as to how much that might have switched earnings from the fourth **quarter** to first **quarter?** That's the first question.

Second question is with respect to pricing, Anheuser Busch has been fairly clear about their pricing strategy for Bud. What is your pricing strategy in response to theirs?

LEO KIELY: John, let me take the pricing issue, and I'll let Tim try and understand your first question. The—but from a pricing point of view, in the market today we are certainly seeing an escalation of deal pricing — particularly, it is market by market, so it's not across the board. It's market by market and as usual, package by package. But significantly hotter than it was a year ago.

Our point of view is that we need to be competitive with our brands. That's particularly in markets where we have our high shares, and that would be our posture going into summer. We still believe that front line pricing is pretty strong. But we'll see an increase in our discounting.

In terms of how that impacts the business, really depends on how widespread it gets. Clearly that's just arithmetic,

but also depends on how much bounce we get in volume, that was what's the volume elasticity against this, and that's something we've got to be tactically very sharp about.

TIMOTHY WOLF: John, it's Tim. If I understand your question, I was not clear whether or not you were referring to the U.S. or the UK, but I'll answer it both ways. For the U.S., the 100,000 barrels that we were lapping were primarily very high margin barrels. So switching 100,000 barrels, one to another equates to about 5.5 plus million dollars of incremental profit, or less profit.

LEO KIELY: -- and that's an end of **quarter** issue, not a year-end issue, because if was end of **quarter** load of Aspen Edge and Zima XXX.

TIMOTHY WOLF: Right, and the UK, the relationship is about the same. It's about $5 million for every 100,000 of U.S. barrels. So to the extent there is that year-over-year comparison, that's what you're losing.

JOHN CHRIS: I mean I made a rough estimate that your earnings in the fourth, **quarter** — in the December **quarter** would have been about $0.20 less and earnings in the March **quarter** would have been about $0.20 more. If it hasn't been for these sort of pipeline adjustments, is that — ?

TIMOTHY WOLF: you mean year-over-year —

JOHN CHRIS: no, no. **Quarter** versus **quarter.** March **quarter** versus December **quarter.** A shift in earnings from the December **quarter,** into the—I mean from the March **quarter** back into the December **quarter,** because in the December **quarter** you were benefiting from increases in pipeline inventories. In the first **quarter** they were being worked down.

LEO KIELY: Yeah.

JOHN CHRIS: Your re—

LEO KIELY: I got you.

JOHN CHRIS: Is there something like that? Is that in the neighborhood? So you would have been profitable in the first **quarter,** if it hadn't have been for these pipeline shifts, is that right?

LEO KIELY: I think that's the arithmetic. You got to realize that in any given year you've got that kind of activity going on, depending on how good your weather is over the holidays in the UK, et cetera, and that this issue in the U.S. at the end of the first **quarter** year ago versus this **quarter,** really has to do with new product loading, and that is a more discreet issue.

JOHN CHRIS: I see. Thanks.

TIMOTHY WOLF: Thanks.

OPERATOR: Thank you. Our next question comes from Christine Farkas from Merrill Lynch.

CHRISTINE FARKAS, ANALYST, MERRILL LYNCH: Thank you very much. Just getting back to Brazil, on your January or year end conference call, if I remember correctly, there are indications that the business was seeing improvement, and profits might even have been close to flat or even growing in a particular month. Short of the accounting change, can you take us through what happened in the **quarter,** perhaps with the Kaiser brand or with others, what happened to the profitability trends.

LEO KIELY: Tim, do you want to take that?

TIMOTHY WOLF: Yeah, the profitability is still an issue. Kaiser was down, it was down less than it had been. That's a really good sign. The rest of the portfolio, 25, 20% of the portfolio is still down significantly. We are reaping some of the benefits from closing the sales center. We still have one large one in San Paolo to close at the end of the year. That's going to be a significant cash generator, saver on a go-forward basis, but we see a couple of signs of improvement. We see a couple of signs of challenge. So this next **quarter's** going to be—these next two **quarters** are relatively small **quarters** for the Brazil business, but they are going to be telling.

So all in, we don't see huge improvement. We see some glimmers of improvement with the brand, which is where this all starts.

CHRISTINE FARKAS: Is there anything in the competitive environment that would lead to you change this? Is there some more aggressive behavior by some of your competitors that might change these trends?

LEO KIELY: I'm not so sure that we would say there is a competitive issue, per se. One encouraging spot was pricing. This is more recent. This is in March and April, which, by the way, are not covered in this **quarter.** We lag our reporting by a month on Brazil just for pragmatic reasons here, but March and April saw some encouragement in pricing, which I think speaks well for the economy.

You got to remember, in Brazil, a lot of your responsiveness to brand activity particularly depends on the robustness of the economy. Pricing would be the lead indicator of an encouraging economic environment. The team on the ground there feels pretty good about that.

CHRISTINE FARKAS: Great. Thanks a lot.

LEO KIELY: You got it.

OPERATOR: Thank you. Our final question comes from Corey Horsch from Credit Suisse.

COREY HORSCH, ANALYST, CREDIT SUISSE: Hello, everybody. Just a quick follow up on your pricing elasticity comments in the U.S. It sounds like given April that there has been a decent rebound in volume, given some of the rollbacks and things we're seeing at the retail level. Just curious, if everybody seems to be participating in this activity, where you're pulling volume from?

Then if you could just comment on the Texas market, which has been a tough market for you guys over the past year. What progress has been made in the first **quarter,** and how is that, that geography in relative to the rest of your business? thanks.

LEO KIELY: Yeah, thanks, Corey. I really think when we cite April, I would say there is some deal activity that may be impacting April. But remember, the deal activity we're really talking about, is how things are setting up for the summer holidays. So talking about the pricing activity going on in the category right now, it's mostly targeted at what's going to happen come mid to the end of May.

So I would say that what we've seen in Coors Light, particularly in April is encouraging, but it's pretty fundamental. It's not overly driven by discounting, but that will accelerate over the next couple of months.

Regarding how we did regionally in the **quarter,** we've done — significantly more encouraging in the east. As you know, we have big businesses in the east. Our growth rate for Coors Light, and that's where I'll try and keep the focus, was really solid in the Gulf Coast, pretty much flat in the Midwest, and just down marginally in the Northeast, which you know is a big recovery from some of the challenges we had in PA and New Jersey last year. So that's encouraging.

As you head to the west, South Central is still our toughest market. It's, it's our biggest challenge, and I would say that that is not one where we say we have cracked the nut to date, and we're going to have to watch that closely as we head into summer. So that's—it's down on the low side of mid single-digits, so that's I think a little better than we were this time of year, but certainly not where we want to be.

COREY HORSCH: Great. Thank you.

LEO KIELY: You got it.

OPERATOR: Thank you. We do have one final question from Filippe Goossens from CSFB.

FILIPPE GOOSSENS, ANALYST, CREDIT SUISSE FIRST BOSTON: Yes, good morning, gentlemen, a few questions here. Tim, historically you have not provided balance sheet and cash flow statements, yet all your competitors in this space do. Is that something that we might perhaps expect from you going forward? It would definitely make life for analysts quite a bit easier, obviously?

TIMOTHY WOLF: Yes. I totally understand. We have the same objective, bringing that to you at the same time we bring operating results is exactly our objective.

FILIPPE GOOSSENS: Couple of questions. The D&A, that number by any chance for the **quarter?**

TIMOTHY WOLF: I'm sorry. Say what?

FILIPPE GOOSSENS: Depreciation and amortization for the **quarter,** do you have that number handy?

TIMOTHY WOLF: In total, about $65 million.

FILIPPE GOOSSENS: Okay, and your cash balance at the end of the **quarter,** Tim?

TIMOTHY WOLF: I'm sorry. Say again. I am having a hard time hearing you.

FILIPPE GOOSSENS: Sorry about that. Cash at the end of the **quarter,** Tim?

TIMOTHY WOLF: Let me back up. Let me make sure I'm understanding all your questions. The total depreciation and amortization in the **quarter** was $91 million.

FILIPPE GOOSSENS: Okay. Okay, and the cash balance at the end of the **quarter?**

TIMOTHY WOLF: The cash balance, our net, our net debt is the way we look at it, was about $2.78 billion.

FILIPPE GOOSSENS: Okay.

TIMOTHY WOLF: We're applying cash as quickly as we can, in the U.S. to any commercial paper that's basically our flex. As I mentioned earlier, to the special dividend debt in Canada.

FILIPPE GOOSSENS: Okay.

TIMOTHY WOLF: Okay.

FILIPPE GOOSSENS: Yeah, thanks. The second question, have you guys provided at all a cash flow target, free cash flow target for fiscal '05?

TIMOTHY WOLF: Yes, we have.

FILIPPE GOOSSENS: Can you just update us on that, please?

TIMOTHY WOLF: The free cash flow plan, if you go back, we looked at, our proforma was just over $1 billion of EBITDA, with free cash flow after CapEx, after dividends, cash taxes, the whole gamut of cash commitments, just a little bit under $270 million. That's going to be challenging. We're going to be looking at a lower range from there, given the challenge of this first **quarter.** I'm not comfortable giving you a tighter target than that right now. We'll do that in, at the end of the second **quarter** because we've got so many things moving on us. But clearly the range we will give you an update when we have a better look at it, but clearly, the range we gave you before, 270-ish, plus or minus range is going to be a challenge.

FILIPPE GOOSSENS: Okay. Then just a followup on the total net debt number you gave previously, Tim, the $2.8 billion. That includes indeed the special dividend, correct, in Canada?

TIMOTHY WOLF: Yes, it does.

FILIPPE GOOSSENS: Okay, and then the final question I had, is given the kind of challenging industry environment at this moment, as well as the shortfall in Q1, have you had any updated conversations with the rating agencies, please?

TIMOTHY WOLF: Not since our last round, which was approximately 45 days ago.

FILIPPE GOOSSENS: Okay. Great. Thanks so much, Tim.

TIMOTHY WOLF: Thank you.

OPERATOR: Thank you. We have no more questions at this time. Mr. Kiely, I will turn the conference back over to you.

LEO KIELY: All right, Matt. Thanks for being with us, everybody, today. We'll be back to you soon with some perspective on Brazil, and then look forward to talking to you at the end of the second **quarter.**

OPERATOR: Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program. You may now disconnect. Have a great day.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10–Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly period ended March 27, 2005

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission File Number: 1–14829

MOLSON COORS BREWING COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	**84–0178360** (I.R.S. Employer Identification No.)
311 Tenth Street, Golden, Colorado **1555 Notre Dame Street East, Montréal, Québec, Canada** (Address of principal executive offices)	**80401** **H2L 2R5** (Zip Code)

303–279–6565
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b–2 of the Exchange Act). Yes ☒ No ☐

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of March 27, 2005:

Class A Common Stock—1,557,530 shares
Class B Common Stock—55,230,633 shares

Exchangeable shares:

As of March 27, 2005, the following numbers of exchangeable shares were outstanding:

Class A exchangeable shares: 2,038,000

Class B exchangeable shares: 26,496,000

In addition, the registrant has outstanding one share of special Class A voting stock, through which the holders of Class A exchangeable shares and Class B exchangeable shares of Coors Canada Inc. (a subsidiary of the registrant known as Molson Coors Exchangeco), respectively, may exercise their voting rights with respect to the registrant. The special Class A and Class B voting stock are entitled to one vote for each of the Class A and Class B exchangeable shares, respectively, excluding shares held by the registrant or its subsidiaries, and generally vote together with the Class A common stock and Class B common stock, respectively, on all matters on which the Class A common stock and class B common stock are entitled to vote. The trustee holder of the special class A voting stock and the special Class B voting stock has the right to cast a number of votes equal to the number of then outstanding Class A exchangeable shares and Class B exchangeable shares, respectively.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

PART II. OTHER INFORMATION

In the Merger, Molson shareholders received the following:

Molson Class A Shareholders. A holder of Molson Class A non–voting shares who was a Canadian resident for Canadian income tax purposes was permitted to elect to receive for each of those shares:

- 0.360 of a Class B exchangeable share of Molson Coors Exchangeco (and ancillary rights), or
- through a series of exchanges, 0.360 of a share of Class B common stock of Molson Coors, or
- a combination of Class B exchangeable shares (and ancillary rights) and, through a series of exchanges, shares of Class B common stock.

Molson Class B Shareholders. A holder of Molson Class B common shares who was a Canadian resident for Canadian income tax purposes was permitted to elect to receive for each of those shares:

- 0.126 of a Class A exchangeable share and 0.234 of a Class B exchangeable share of Molson Coors Exchangeco (and ancillary rights), or
- through a series of exchanges, an aggregate of 0.360 of a share of Molson Coors common stock, comprised of 0.126 of a share of Class A common stock and 0.234 of a share of Class B common stock, or
- a combination of exchangeable shares (and ancillary rights) and, through a series of exchanges, shares of Molson Coors common stock.

Molson Stock Option Holders. A holder of Molson stock options was permitted to exchange each such Molson options for a 0.36 Molson Coors option, each. Approximately 1.3 million options were issued by Molson Coors in the Merger.

Molson Class A non–voting and Class B common shareholders, excluding Pentland (a company controlled by Eric Molson, a related party), also received a special dividend (the "Special Dividend") of Cdn. $5.44 per share, or a total of approximately Cdn. $652 million (US $523 million) paid by Molson in connection with the Merger to Molson shareholders of record at the close of business on February 8, 2005. Included in the number of outstanding shares of Molson's common stock were approximately 1.4 million shares issued upon the exercise of options to purchase Molson Class A common stock by Molson's directors and senior management between January 28, 2005, and February 8, 2005. Therefore, the Special Dividend was Cdn. $12 million (US $10 million) higher than previously disclosed due to the increase in Molson's outstanding Class A common stock as a result of the exercise of these options. As discussed below, the Special Dividend was financed through additional debt.

At its January 28, 2005, meeting, in light of the amount of work involved in completing the Merger transaction, the Board of Directors of Molson authorized payments of: Cdn. $50,000 (US $39,800) to each of the then outside directors of Molson; Cdn. $50,000 (US $39,800) to the chairs of the Independent Committee and Human Resources Committee; and Cdn. $845,000 (US $672,630) in aggregate payments to executive officers and certain other employees of Molson. All Merger–related expenses incurred by Molson prior to the Merger were expensed as incurred.

Reasons for the Merger

The Merger placed our combined company as the world's fifth largest brewer, by volume, with combined annual volume of 50 million barrels. The combined company offers a diverse offering of more than 70 owned and licensed brands in key markets throughout the world. Management has identified $175 million of annual synergies that the combined company can achieve, including the closing of the Memphis plant discussed in Note 5, in addition to administrative, strategic sourcing and other cost reductions.

Pro Forma Results

As discussed in Note 1, the results of Molson have been included in the consolidated financial statements since February 9, 2005; however, the results of Kaiser represent the remainder of February 2005, as a result of our decision to report Kaiser results one month in arrears.

The following pro forma information shows the results of our operations for the thirteen weeks ended March 27, 2005 and March 28, 2004, as if the Merger had occurred at the beginning of each period. Therefore, the pro forma information includes Molson results for January through March of both periods presented and Kaiser results for December through February of both periods presented to simulate the reporting method we have adopted. The pro forma results include special charges of $40.7 million during the 2005 first quarter, including $7.4 million of merger–related special charges in the US segment for restructuring costs and accelerated depreciation on the company's Memphis brewery, which will be closed during the next two years; a $3.6 million write–off of obsolete brewery assets in the Europe segment; and Corporate segment special charges totaling $29.6 million, primarily due to change–in–control payments and benefits for 12 officers who were employed by Adolph Coors Company prior to the Merger and elected to leave the company following the Merger. Pro forma results include additional special charges totaling $43 million, including merger–related corporate expenses of $24 million, and $19 million in charges related to the closure of sales offices and brewing operations in Brazil. The pro forma results for the period ended March 27, 2005 include largely non–recurring charges in Canada ($9 million) and Brazil ($14 million) attributable to the one–time impact of achieving consistency in accounting conventions in all reporting periods.

	Thirteen weeks ended	
	March 27, 2005	**March 28, 2004**
	(In thousands, except per share amounts)	
Net sales	$ 1,247,884	$ 1,320,191
Pretax (loss) income	$ (95,569)	$ 38,479
Net (loss) income	$ (78,851)	$ 36,074
Net (loss) income per common share:		
Basic	$ (0.91)	$ 0.43
Diluted	$ (0.91)	$ 0.42

Preliminary Purchase Accounting

The Merger's equity consideration was valued at $3.6 billion, including the exchange of 46.7 million equivalent shares of stock at a market price of $75.25 per share, the exchange of stock options valued at $4.0 million, and merger–related costs incurred by Coors. Coors was considered the accounting acquirer in the Merger, requiring the purchase consideration to be allocated to Molson's net assets, with the residual to goodwill. The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the Merger date. The company is in the process of obtaining third–party valuations for many assets and liabilities. The most significant items for which valuations have not been finalized are the Brazilian business, the guarantees related to the Montreal Canadiens, pre–existing contractual relationships between Coors and Molson, the fixed assets of Brewers Retail Inc. (BRI), a joint venture consolidated under FIN 46R, certain environmental liabilities related to discontinued operations, intangibles and income taxes. In addition, management is currently evaluating potential restructuring activities that could impact our purchase accounting. The significant outstanding items include; evaluation of our organizational structure, decisions on outsourcing and other vendor arrangements and determination of the optimal information technology platform. The value of the Brazil business presents a significant amount of uncertainty. Preliminary projections of future cash flows for this business indicate a value of less than $200.0 million. However, increased perspective gained

accrue Memphis termination costs for salaried employees; however, termination benefits for our Memphis hourly employees are currently being negotiated with their union and have not been accrued as of March 27, 2005. Retention and severance costs for the Memphis employees will be accrued over the service period during which such benefits are earned by the employees. We may also pay an amount to the union pension plan when we withdraw our participation.

The Memphis closure is among the $175 million of synergies that we expect to achieve as a result of the Merger. Cost savings as a result of the closure are expected to range from $32 million to $35 million annually when the closure is complete—currently anticipated at the end of 2006. Total costs to achieve these synergies will include $70 million to $90 million in capital expenditures in our North American network, along with restructuring and other costs that will be finalized nearer the closing of the Memphis facility.

Europe Segment

The Europe segment special item of $3.6 million consists of an impairment charge for brewing assets in the U.K.

Corporate Costs

Rights on Change in Control

The special charges shown above resulted primarily from costs associated with 12 Coors officers who elected to leave the Company following the Merger as a result of their exercising rights under change in control agreements. These costs included $18.3 million of severance and related cash benefits, $3.1 million of pension benefits, and $5.8 million of non–cash stock compensation expense associated with changes to these officers' stock options. The remaining special charges are associated primarily with one–time costs associated with the merger.

Coors had agreements with executive officers, and certain other members of management relating to a change of control of Coors. The Merger constituted a change in control of Coors under these agreements as the Adolph Coors, Jr. Trust no longer had sole voting control of Coors, and as the Board of Directors of the merged company no longer had a majority of directors who were directors of Coors prior to the Merger. These agreements generally provided for continued compensation and benefits for a period of two years following the year of the change of control.

In addition, these employees were entitled to severance benefits if triggering events specified in the agreement occured. Upon a triggering event (such as the Merger), the officer would receive a multiple of annual salary and bonus and continued health, pension and life insurance benefits. For executives and officers who exercise their rights under the agreements, stock option exercises are subject to a floor price equal to the price of Coors' stock on the date of the change of control.

For each of Coors' then Chairman and Chief Executive Officer, the compensation includes a payment for the rest of the current year plus three times annual salary, bonus and fringe benefits, plus benefits for the equivalent of three years coverage, plus three years credit for additional service toward pension benefits. For all other executive officers with these agreements, the compensation includes a payment for the rest of the current year plus two times annual salary, bonus and fringe benefits, plus two years equivalent benefit coverage, plus vesting and credit for two years additional service toward pension benefits.

The Company offered retention benefits to employees covered by the change in control agreements (except for both Coors' then Chairman and Chief Executive Officer), in return for forfeiting their rights under the agreements. Twelve affected employees exercised their rights under the change in control agreements. Corporate Special Charges include approximately $27.2 million accrued for departing employees under this plan. Costs of the retention plan are being recognized ratably over

the period that the employees remain with the Company and earn their retention bonuses. These costs will be included in future operating results and will total approximately $7.2 million over a two-year period. The President/Chief Executive Officer and the Vice Chairman of the Board of Directors of Molson Coors Brewing Company remain parties to change in control agreements that existed prior to the Merger, which provide for a thirteen month period in which the executives can exercise their rights under the agreements.

The remaining $2.5 million of Special Charges consist of Merger-related costs that were incurred by Coors, but did not qualify for capitalization in purchase accounting.

6. EMPLOYEE RETIREMENT PLANS

We offer plans to substantially all our employees in the U.S., U.K. and Canada. As a result of the Merger, we added pension liabilities of approximately $260 million and annual pension expense of approximately $13.4 million, including the obligations existing at BRI, which is a joint venture we are

13. PUB DISPENSE EQUIPMENT OUTSOURCING AGREEMENT

CBL entered into an agreement with two other UK brewers, Scottish Courage Ltd. and Carlsberg UK Ltd., in August 2004, to create a joint venture to outsource the management and servicing of the three brewers' on–trade dispense equipment. The agreement was subject to the approval of the Office of Fair Trading (OFT). While the OFT previously approved a similar agreement between Scottish Courage Ltd. and Carlsberg UK Ltd., the addition of CBL to the venture prompted the OFT to refer the case to the UK Competition Commission. As a result, the agreements between CBL and the other two brewers regarding the joint venture were voided. In March, 2005, the UK Competition Commission concluded that CBL would not be allowed to outsource its dispense equipment management and servicing to the joint venture.

14. DERIVATIVES

Upon the Merger, we added various derivative instruments held by Molson and Kaiser that hedged currency, commodity and interest rate risk in a similar manner as Coors. Certain Molson interest rate swaps were unwound before the Merger occurred. Additionally, interest rate swaps held by BRI and corn derivatives held by Molson do not qualify for hedge accounting under SFAS 133. All other Molson and Kaiser derivative instruments since the Merger have been accounted for in accordance with US GAAP and Coors' derivative policies. Please refer to the Annual Report on Form 10–K filed by Coors with the SEC for the fiscal year ended December 26, 2004 for a description of Coors' derivative policies.

15. SUBSEQUENT EVENTS

Departure of Principal Officer

Daniel J. O'Neill, Vice–Chairman, Synergies and Integration will leave the Company in May of this year. Under the terms of a separation agreement, Mr. O'Neill will receive about $4.5 million in cash compensation, consisting of three years of salary and a special bonus. Mr. O'Neill's 288,000 stock options with an option price of about $68 per share, and 18,000 restricted shares will vest at such time if vesting restrictions are satisfied.

16. SUPPLEMENTAL GUARANTOR INFORMATION

On May 7, 2002, a wholly owned subsidiary of ours, CBC (Issuer), completed a debt offering of $850 million principal amount of 6 3/8% Senior notes due 2012. The notes were were guaranteed on a senior and unsecured basis by Molson Coors Brewing Company (Parent Guarantor) and certain domestic subsidiaries (Subsidiary Guarantors). The guarantees are full and unconditional and joint and several. A significant amount of the Issuer's income and cash flow is generated by its subsidiaries. As a result, funds necessary to meet the Issuer's debt service obligations are provided in large part by distributions or advances from its subsidiaries. Under certain circumstances, contractual and legal restrictions, as well as our financial condition and operating requirements and those of certain domestic subsidiaries, could limit the Issuer's ability to obtain cash for the purpose of meeting its debt service obligation including the payment of principal and interest on the notes.

In connection with the bridge facility (Note 2) we entered into subsequent to the Merger, certain of our subsidiaries that did not originally guarantee the obligations under the notes, but which guarantee obligations under the bridge facility, subsequently guaranteed obligations under the notes.

The following information sets forth our Condensed Consolidating Balance Sheets as of March 27, 2005, and December 26, 2004, and the Condensed Consolidating Statements of Operations for the thirteen weeks ended March 27, 2005, and March 28, 2004, and the Condensed Consolidating Statements of Cash Flows for the thirteen weeks ended March 27, 2005, and March 28, 2004. Investments in our subsidiaries are accounted for on the equity method; accordingly, entries necessary to consolidate the Parent Guarantor, Issuer, and all of its subsidiaries are reflected in the eliminations column. Separate complete financial statements of the Issuer and the Subsidiary Guarantors would not provide additional material information that would be useful in assessing their financial composition.

EXHIBIT 21

PRESS RELEASES

Molson Coors Reports 2005 Second Quarter Results

DENVER, Colo. and MONTREAL, Canada, August 2, 2005 – Molson Coors Brewing Company (NYSE: TAP; TSX) today announced higher consolidated net sales and sales volume, and lower net income for the second quarter of 2005 compared to the second quarter of 2004. Higher consolidated sales volume and net sales were attributable to the inclusion of Molson Inc. results in the second quarter of 2005 but not in the second quarter of 2004. Lower net income of $38.5 million, or $0.45 per share, was primarily attributable to special charges totaling $87.7 million in the second quarter 2005.

For the 13-week second quarter ended June 26, 2005, the company reported net sales of $1.6 billion and sales volume of 12,799,000 barrels, or 15,019,100 hectoliters (hl). Excluding special items and merger-related amortization expense, the company reported after-tax income of $105.1 million*, or $1.22 per share, for the 2005 second quarter, down 12.4 percent from 2004 on a pro forma basis. (*See table below for reconciliation to nearest U.S. GAAP measure.) The company's effective tax rate during the second quarter 2005 was 53.0 percent, or 37.5 percent excluding special items and merger-related amortization.

The company plans to file an amended first quarter 2005 Form 10-Q later this week to correct the initial recording of a U.S. deferred tax asset as part of the purchase accounting for its U.K. acquisition in 2002. Due to the change, the company will restate its first quarter 2005 tax provision and earnings. The company still expects its long-term effective tax rate excluding Brazil losses to be in the range of 25 to 30 percent.

On a consolidated pro forma basis, compared to the second quarter 2004, the company's second quarter 2005 results included:

- Sales to retail (3.8%)
- Sales volume (3.1%)
- Net sales (1.3%)
- Operating income (49.0%)
- After-tax income, excluding special items and merger-related amortization expenses (12.4%)

Leo Kiely, Molson Coors president and chief executive officer, said, "Overall, our second quarter results were mixed, with some trend improvements in our two largest markets – Canada and the U.S. – and continuing challenges in both our Europe and Brazil segments. In Canada, our year-over-year sales to retail increased 2.1 percent during the second quarter, which was our best retail sales performance in the last seven quarters in Canada, with Coors Light growing more than 10 percent from a year ago. In the U.S., Coors Light sales to retail were up slightly compared to a year ago. In addition, the U.S. pricing environment was still favorable, despite competitive discounting activity in some key markets on select brands and packages.

"We also faced some headwinds during the second quarter, especially in our Europe segment, which was significantly challenged by a weak U.K. beer industry, increased competitive discounting and margin pressure from unfavorable brand and channel mix changes. In Brazil, cost and pricing trends have improved, but continued sales declines and operating losses challenged this business.

"For the remainder of the year, we will focus on making even more progress improving our sales trends in Canada and the U.S. In the U.K., we are working to restore volume momentum with targeted sales efforts in both the on-premise and off-premise channels while maintaining the strength of our U.K. brand equities. We're also accelerating a

number of U.K. cost reduction initiatives.

Across the enterprise, we will continue our work integrating the operations and organization of the combined Molson and Coors business as we build a more competitive and profitable global beer company."

Canada Segment

Canada segment comparable sales to retail were up 2.1 percent during the second quarter 2005 compared to a year ago largely due to favorable weather and stronger sales and marketing programs versus a year ago. Sales volume of 2,218,000 barrels (2,602,600 hl) was down 2.8 percent on a comparable basis from a year ago primarily due to a reduction in trade inventories and one fewer shipping day compared to last year, along with lower export volume. Canada segment net sales were up approximately 6 percent on a pro forma basis from the second quarter of 2004 driven by favorable foreign exchange rates. Operating income in Canada during the second quarter 2005 decreased 11.9 percent on a pro forma basis from the prior year due to lower sales volume, incremental investments in core brands and higher non-headcount-related general and administrative expenses.

United States Segment

In the second quarter 2005, sales volume and net sales in the U.S. segment increased 0.5 percent and 2.7 percent, respectively, on a pro forma basis from the second quarter a year ago. U.S. sales to retail decreased 2.6 percent on a pro forma basis during the quarter, driven largely by the lapping of the 2004 nationwide rollout of the company's Aspen Edge brand. Coors Light sales to retail increased slightly in the second quarter 2005, the first such increase for Coors Light in the U.S. in nine quarters. Including a special charge of $10.0 million, U.S. operating income of $78.8 million increased 3.8 percent on a pro forma basis compared to a year earlier, driven by positive pricing and lower manufacturing costs, partially offset by higher materials and energy costs. Excluding the special charge, U.S. operating income increased 17 percent on a pro forma basis.

Europe Segment

In the second quarter 2005, Europe segment sales volume decreased by 5.8 percent compared to a year ago, with Carling sales volume declining less than 2.0 percent. Net sales per barrel decreased 10.5 percent from the second quarter of 2004, primarily because of a change in contractual arrangements on some factored brand sales, which reduced both net sales and cost of goods sold by $65 million, with no impact on profits.

The U.K. beer industry as a whole was impacted negatively by lower consumer spending. The company's U.K. sales volume declines during the quarter were further driven by unusually high levels of competitor discounting in both the on-premise and off-premise channels, as well as the lapping of higher second quarter 2004 sales volume, which benefited from the Euro 2004 soccer tournament. Including a special credit of $3.2 million, Europe segment operating income during the second quarter 2005 decreased 37.2 percent from the prior year.

Brazil Segment

Brazil segment net sales during the second quarter increased nearly 20 percent on a pro forma basis from the second quarter of 2004, driven by favorable beer pricing and a 16 percent appreciation of the Brazilian real versus the U.S. dollar. Sales volume of 1,637,000 barrels (1,920,950 hl) declined 11.7 percent on a comparable basis versus a year ago. Excluding special charges, the Brazil segment reduced operating losses by approximately half on a pro forma basis from the second quarter 2004. The company

cannot recognize a tax benefit from the operating losses generated by the Brazil segment, which caused a 26 percentage point increase in the company's effective tax rate in the second quarter. The company has made solid progress in its detailed assessment of its Brazil operations and evaluation of options for the future of the business.

Special Items

The company reported special charges totaling $87.7 million during the second quarter 2005, including:

- Brazil results include a $46.7 million special charge to increase contingent liabilities due to developments in the quarter that indicate a higher probability of future payments in certain transactional tax disputes.
- Corporate segment special charges were $34.2 million, primarily due to severance payments and benefits for executives who left the company following the merger, including the cost of providing a price per share floor under stock options for some of these executives.
- In the U.S., special charges of $10.0 million were primarily for accelerated depreciation of the Memphis brewery, which will be closed by early 2007.
- In Europe, a special credit of $3.2 million was due to one-time development profits on real estate formerly held by the company.

Synergies Update

In the second quarter 2005, Molson Coors synergy teams continued to pursue aggressively $175 million of pretax cost synergies that the company has committed to capturing over the next three years. Since the completion of the merger on February 9, 2005, the company has captured approximately $15 million in cost synergies, with the savings mostly in overhead costs. The company believes it is on track to capture the $50 million cost synergy commitment for 2005.

Molson Coors Brewing Company will conduct an earnings conference call with financial analysts and investors at noon Eastern Time today to discuss the company's second quarter financial results. The company will provide a live webcast of the earnings call. Approximately two hours after the conclusion of the earnings call, the company also will host an online, real-time webcast of an Investor Relations "Working Session" with financial analysts at 3:00 p.m. Eastern Time. Both webcasts will be accessible via the company's website, www.molsoncoors.com. Online replays of the webcasts will be available until 11:59 p.m. Eastern Time on September 30, 2005.

***Molson Coors Brewing Company**
After-tax Income Excluding Special Items and
Merger-related Amortization
Reconciliation to Nearest U.S. GAAP Measure
(In thousands of $US)

2005 Second Quarter

U.S. GAAP:	Net income - reported	$ 38,546
Add back:	Special items	87,673
Add back:	Merger-related amortization expense	14,043
Minus:	Tax effect on special items	(21,918)
Minus:	Tax effect on merger-related amortization	(5,266)
Minus:	Minority interest in special items	(7,964)
Non-GAAP:	After-tax income, excluding special items and merger-related amortization	$105,114

2005 First Quarter

Reported U.S. GAAP loss	$(46,538)
Adjustment to restate tax benefit	12,354
Restated GAAP loss	(34,184)
Pre-merger results of Molson, Inc., net of tax (1)	(41,513)
Pro forma net loss, restated	(75,697)
Add back: Special items (2)	83,849
Add back: Merger-related amortization (2)	15,959
Minus: Tax effect on special items (2)	(11,765)
Minus: Tax effect on merger-related amortization (2)	(1,506)
Minus: Minority interest in special items (2)	(3,854)
Pro forma net income, excluding special items	$ 6,986

(1) Includes fair value and other pro forma adjustments estimated for the pre-merger period.
(2) Amounts indicated are for the full thirteen weeks ended March 27, 2005.
The company provides - and management uses - the above non-GAAP measures to give a more meaningful view of the ongoing profit performance of the company.

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Click here for Summary of Operations

Forward-Looking Statements

This press release includes "forward-looking statements" within the meaning of the federal securities laws, and language indicating trends, such as "trend improvements," "progress," "improving sales trends" and "on track." It also includes financial information, of which, as of the date of this press release, the company's independent auditors have not completed their review. Although the company believes that the assumptions upon which the financial information and its forward-looking statements are based are reasonable, it can give no assurance that these assumptions will prove to be correct. Important factors that could cause actual results to differ materially from the company's projections and expectations are disclosed in the company's filings with the Securities and Exchange Commission. These factors include, among others, changes in consumer preferences and product trends; price discounting by major competitors; unanticipated expenses, margin impact and other factors resulting from the recent merger; failure to realize anticipated results from synergy initiatives; and increases in costs generally. All forward-looking statements in this press release are expressly qualified by such cautionary statements and by reference to the underlying assumptions. We do not undertake to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

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